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**DIAMOND TRUST
OF KENYA LIMITED**

**Annual Report
and Accounts
31st December 1989**

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1. Diamond Trust of Kenya -- periodicals
2. Banks and banking -- Kenya -- periodicals

Diamond Trust of Kenya Limited

Directors: Sultan E. Shariff (Chairman)
Amirali K. Somji
Christopher H. Malavu
Graham C. Clark** (Resigned 6th October, 1989)
Nurdin G. Ajania
Zaher K. Ahamed
Nizar S. Meruani* (Managing Director)
William B. Robinson***
(Alt. Amirali H. Rashid)
David R. Hinde**
Ernest M. Kepper****
Karim S. Dawood (Deputy Managing Director –
Resigned 29th September, 1989)
*Pakistani **British ***Australian ****Canadian

Secretaries and Registrars: Services and Systems Limited,
Diamond Trust House,
Moi Avenue,
P.O. Box 49988,
NAIROBI.

Registered Office: Diamond Trust House,
Moi Avenue,
P.O. Box 61711,
NAIROBI.

Auditors: Kassim-Lakha Abdulla & Co.,
Certified Public Accountants.

Branches: Diamond Trust House,
Moi Avenue,
P.O. Box 49988,
NAIROBI.

IPS Building,
Standard Street,
P.O. Box 34675,
NAIROBI.

Diamond Trust House,
Moi Avenue,
P.O. Box 90564,
MOMBASA.

Jubilee Insurance House,
Oginga Odinga Road,
P.O. Box 1081,
KISUMU.

Agricultural Finance Corporation House,
Geoffrey Kamau Way,
P.O. Box 3399,
NAKURU.

2007/0335.

Notice of Annual General Meeting

Notice is hereby given that the Twenty-fourth Annual General Meeting of the Shareholders of Diamond Trust of Kenya Limited will be held at Nairobi Serena Hotel, on Friday the Twentieth day of April, 1990, at 11.00 a.m. to transact the following business:

1. To confirm the Minutes of the Twenty-third Annual General Meeting held on 21st June, 1989.
2. To receive, consider and adopt the Accounts for the year ended 31st December, 1989, together with the Directors' and Auditors' Reports thereon.
3. To approve payment of a first and final dividend of 35% on the issued and paid-up share capital of the Company to shareholders registered in our books as at 20th April, 1990, on or about 21st May, 1990, as recommended by the Board.
4. To elect Directors:
In accordance with Articles No. 93 and 94 of the Company's Articles of Association, Mr. Sultan E. Shariff, Mr. Zaher K. Ahamed and Mr. David R. Hinde are due for retirement by rotation and, being eligible, offer themselves for re-election.
5. To approve the Directors' fees.
6. To authorise the Directors to fix the Auditors' remuneration.
7. To transact any other Ordinary Business of an Annual General Meeting.

Special Business

8. It has been proposed that Mr. Amirali Hassanali Rashid, the Company's former Chairman who is also an alternate director and is well known to most shareholders, and who is over the age of 70 years, be appointed a director of the Company in terms of Article 14(iv) of the Company's Articles of Association. Special notice has been received by the Company pursuant to Section 142 of the Companies Act (Cap. 486) that the following resolution be proposed as an ordinary resolution in accordance with Section 186(5) of the said Act for consideration by the shareholders:

"THAT Mr. Amirali Hassanali Rashid, who is over the age of 70 years, be and is hereby appointed a director of the Company"

By Order of the Board
Kanyi Kiiru Thuo
Services and Systems Limited
Secretaries

19th February, 1990
Nairobi.

Note:

A Member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. Such proxy need not be a member of the Company. A Form of Proxy, which must be lodged with the Company's Secretaries, Services and Systems Limited, P.O. Box 49988, Nairobi, not later than 48 hours before the time for holding the Meeting, is enclosed.

Chairman's Statement

Another year has gone by and it is time once again to report on the performance of your Company for the fiscal year 1989.

In my statement last year, I reported that the Central Bank had announced that effective 1st April, 1989, the minimum savings rate for deposits had been raised from 10 to 12 per cent and that commercial banks could charge more (18 per cent) for certain categories for their loans (those exceeding four years). These changes resulted in an increase in the cost of funds overnight and adversely affected our projections for 1989. The cost of funds rose again later in the year when the Central Bank announced that effective 1st November, 1989, the savings rate was further increased to 12.5 per cent while commercial banks could charge 18 per cent for loans of three years or longer. In addition to this, the Central Bank continuously floated attractive high yield Treasury Bonds through which substantial funds were diverted to the Treasury. This resulted in a persistent tight liquidity situation in the Banking Sector throughout 1989 and made business conditions quite difficult.

However, I am pleased to report that, in spite of these difficulties, the Company achieved results which were very satisfactory in the prevailing circumstances. Pre-tax Profits increased from Shs. 73.6 million to Shs. 91.0 million registering a growth of 23.6 per cent. Total Assets increased from Shs. 2,064 million to Shs. 2,374 million, a growth of 15.0 per cent, while Advances and Deposits also registered good growth rates of 15.0 per cent and 15.8 per cent in increasing from Shs. 1,451 million and Shs. 1,638 million to Shs. 1,669 million and Shs. 1,897 million respectively. These commendable results have been achieved through the dedication and devoted efforts of the Management and Staff and I would like to assure them, on your behalf, that they have our full support and our appreciation.

The subsidiary and associated companies have continued their contribution to the Company's performance.

I should now like to turn to news on the dividend. The first and final dividend of 35 per

cent on the Issued and Paid-up Share Capital of Shs. 56.5 million which was approved at the Annual General Meeting held on 21st June, 1989, was paid on 11th July, 1989. This year, your Board is recommending, subject to Exchange Control approval, a first and final dividend of 35 per cent on the Issued and Paid-up Share Capital, payable on 21st May, 1990.

The Board also proposes to recommend to the Shareholders, subject to consent and approval of the Capital Issues Committee and Exchange Control, a Bonus Issue of one share for every two shares held in the Issued and Paid-up Share Capital of KShs. 56.5 million. This would increase the Issued and Paid-up Share Capital of the Company to Shs. 84.8 million, giving it a solid base for future growth.

During the last year, the Government instituted strict regulatory measures to control and supervise the banking industry. Recently, the Government announced the formation of the Consolidated Bank of Kenya Limited which has acquired five financial institutions and building societies considered too weak to survive individually. These are welcome actions aimed at restoring confidence and stability in the banking industry. Also in 1989, the Government passed the Capital Markets Act and set up the Capital Markets Development Authority. This should facilitate the introduction of new financial instruments e.g. bearer negotiable certificates of deposit and commercial paper which should boost savings and, if they prove to be popular, encourage the people to invest and result in a more robust economy. Prospects for the future therefore look promising.

However, in spite of the promise of prospects for the future, 1990 is here and the situation is still one of tight liquidity, high cost of funds, restricted lending rates and very thin margins. Nevertheless, we can take comfort in the knowledge that we have a strong Management and Staff team that has consistently turned out successful results under equally difficult conditions in the past. I trust that they will continue the good work of the past and I have no doubt that our hopes of even better results will be fulfilled.

Mr. Graham C. Clark who has served on your Board tirelessly and diligently for over sixteen

Chairman's Statement (Continued)

years since his appointment on 1st April, 1973, has in the last year expressed a wish to retire from the Board. He has recently resigned his position on the Board. On your behalf and on behalf of the Board, the Management and Staff, I should like to give a special vote of thanks to Mr. Clark for his invaluable contribution over the years, and to offer him our best wishes for the future.

This year, as in the past, my colleagues on the Board have given to me and to the Management, their continued support and guidance, and I should like to thank them sincerely, for it is through this support and teamwork that your Company's strength has been built-up.

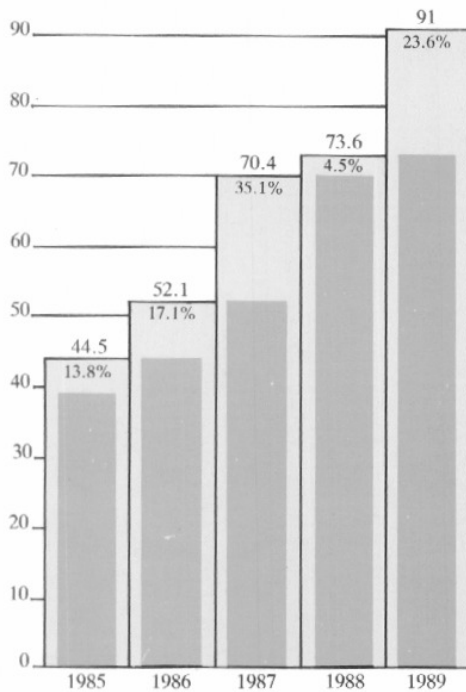
S.E. Shariff
Chairman

2nd February, 1990
Nairobi.

Financial Highlights

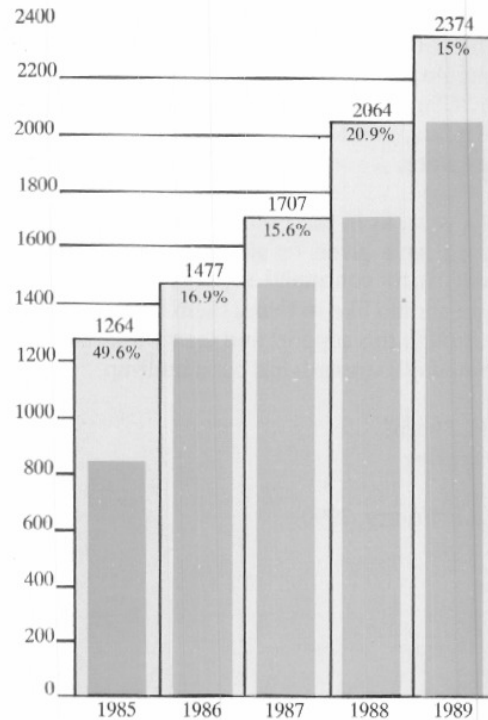
PRE-TAX INCOME

Kenya Shs. Million



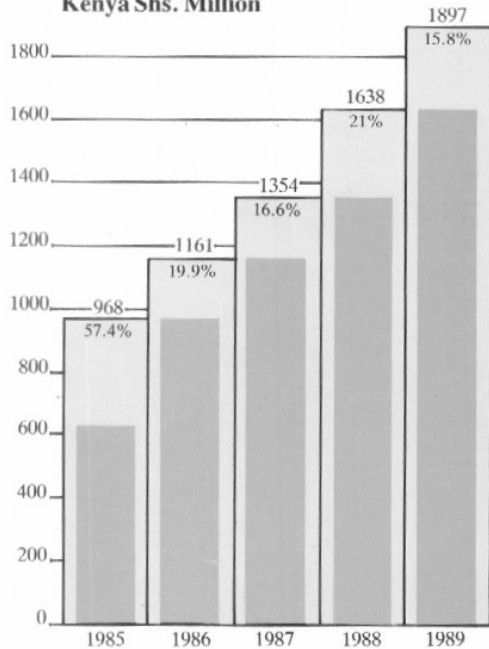
TOTAL ASSETS

Kenya Shs. Million



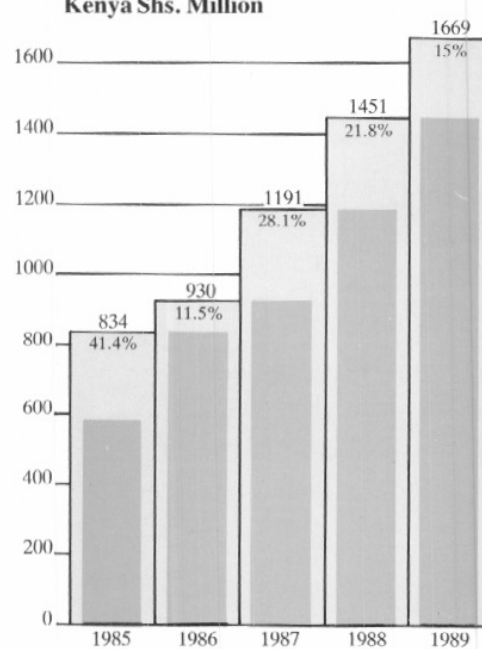
TOTAL DEPOSITS

Kenya Shs. Million



TOTAL ADVANCES

Kenya Shs. Million



Report of the Directors for the Year Ended 31st December, 1989

The Directors have pleasure in presenting their Report and Audited Accounts for the year ended 31st December, 1989.

The following information refers to the Parent Company only; comments on the affairs of the Group are dealt with in the Chairman's Statement.

Results

	1989 K.Shs. '000	1988 K.Shs. '000
Profit before taxation	90,988	73,607
Taxation	40,787	32,563
Profit after taxation	50,201	41,044
Statutory reserve fund	6,275	5,131
	43,926	35,913
Dividend – Proposed final	19,787	19,787
Profit retained	24,139	16,126
Profit brought forward	76,277	60,151
Transfer from Statutory Reserve Fund	19,849	—
Profit carried forward	120,265	76,277

Dividends

It is proposed that a First and Final Dividend of 35% on the paid-up Share Capital of K.Shs. 56,533,333 be paid on or about 21st May, 1990. The payment of the Dividend in respect of non-resident Shareholders is subject to Exchange Control Approval.

Bonus Issue

The Directors also propose to recommend to the Shareholders, subject to consent and approval of the Capital Issues Committee and Exchange Control, a Bonus Issue of one share for every two shares held in the Issued and Paid-up Share Capital of K.Shs. 56,533,333, such new issue to rank *pari passu* in all respects with the existing shares in the Capital of the Company except for the aforementioned First and Final dividend and any further dividend paid prior to the issue of the bonus shares.

An Extraordinary General Meeting of the Shareholders will be convened to give effect to this proposal upon receipt of the necessary consent and approval.

Directors

From the present members of the Board of Directors as listed, Mr. Sultan E. Shariff, Mr. Zaher K. Ahamed and Mr. David R. Hinde retire by rotation under Articles Nos. 93 and 94 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

Auditors

The Company's Auditors, Kassim-Lakha Abdulla & Co., being eligible, continue in office in accordance with Section 159(2) of the Companies Act (Cap. 486), and it is proposed that they also be appointed under Section 24(1) of the Banking Act 1989.

By Order of the Board
Kanyi Kiiru Thuo
Services and Systems Limited
Secretaries

16th February, 1990
Nairobi.

Report of the Auditors to the Members of Diamond Trust of Kenya Limited

We have examined the accounts set out on pages 9 to 17 which have been prepared under the historical cost convention as modified by the revaluation of certain assets. The accounts are in agreement with the books, which in our opinion have been properly kept. We have obtained all the information and explanations considered necessary for our audit.

In our opinion, these accounts give, under the above convention, a true and fair view of the state of affairs of the Company and the Group at 31st December, 1989, and of the profit and source and application of funds of the Group for the year ended on that date and comply with the Companies Act (Cap. 486).

Kassim-Lakha Abdulla & Co.
Certified Public Accountants

19th February, 1990
Nairobi.

**Profit and Loss Account for the Year
Ended 31st December, 1989**

The Company			The Group		
1988	1989		1989	1988	
K.Shs.'000	K.Shs.'000		K.Shs.'000	K.Shs.'000	Notes
		Profit before			
73,607	90,988	taxation	2	99,666	81,396
(32,563)	(40,787)	Taxation	3	(45,460)	(37,046)
41,044	50,201	Profit after taxation		54,206	44,350
		Profit attributable			
		to Minority Share-			
		holders		(2,316)	(1,984)
		Profit attributable to			
		the Shareholders of			
		Diamond Trust of			
		Kenya Limited		51,890	42,366
41,044	50,201	Statutory reserve fund	11	(6,487)	(5,297)
(5,131)	(6,275)			45,403	37,069
35,913	43,926				
		Dividend –			
19,787	19,787	Proposed final – 35%	4	19,787	19,787
16,126	24,139	Retained profit		25,616	17,282
		Retained profit			
60,151	76,277	brought forward		81,889	64,607
		Transfer from Statutory			
	19,849	Reserve Fund	11	20,487	–
76,277	120,265			127,992	81,889
		Goodwill on consolidation			
		written off		93	–
		Retained profit			
76,277	120,265	carried forward		127,899	81,889
		Earnings per share	5		
		Basic	K.Shs.	3.67	3.00

Balance Sheet — 31st December, 1989

The Company			The Group	
1988	1989		1989	1988
K.Shs.'000	K.Shs.'000		Notes	K.Shs.'000
		Current Assets		
6,609	3,124	Cash and bank balances	13,267	18,624
217,000	250,500	Money at call and short notice	260,000	227,000
217,000	258,000	Treasury bills	284,800	241,100
7,454	10,840	Debtors	12,841	8,140
<u>448,063</u>	<u>522,464</u>		<u>570,908</u>	<u>494,864</u>
		Current Liabilities		
128,220	130,430	Creditors	141,861	135,912
32,563	40,787	Taxation	45,542	37,177
19,787	19,787	Dividend-Proposed Final	19,787	19,787
<u>180,570</u>	<u>191,004</u>		<u>207,190</u>	<u>192,876</u>
267,493	331,460	NET CURRENT ASSETS	363,718	301,988
68,228	67,543	FIXED ASSETS	6 95,005	95,465
—	—	GOODWILL ON		
18,712	18,712	CONSOLIDATION	—	93
17,347	26,614	INVESTMENTS	7 20,359	20,494
1,451,060	1,668,739	SUBSIDIARY AND		
61,073	69,754	ASSOCIATED COMPANIES	8 17,536	8,019
<u>1,883,913</u>	<u>2,182,822</u>	ADVANCES	1,770,175	1,542,877
1,637,629	1,897,443	CUSTOMERS' LIABILITIES		
61,073	69,754	FOR ACCEPTANCES	70,854	65,173
<u>1,698,702</u>	<u>1,967,197</u>		<u>2,337,647</u>	<u>2,034,109</u>
185,211	215,625	DEPOSITS	2,012,988	1,748,036
56,533	56,533	LIABILITIES FOR ACCEPTANCES	70,854	65,173
16,320	16,320		<u>2,083,842</u>	<u>1,813,209</u>
22,507	22,507		<u>253,805</u>	<u>220,900</u>
13,574	—	Shareholders' Funds		
76,277	120,265	SHARE CAPITAL	9 56,533	56,533
<u>185,211</u>	<u>215,625</u>	SHARE PREMIUM	16,320	16,320
—	—	CAPITAL RESERVES	10 32,576	32,633
185,211	215,625	STATUTORY RESERVE		
—	—	FUND	11 —	14,000
185,211	215,625	REVENUE RESERVES	12 <u>127,899</u>	<u>81,889</u>
—	—		233,328	201,375
185,211	215,625	Minority Interest	<u>20,477</u>	<u>19,525</u>
<u>185,211</u>	<u>215,625</u>		<u>253,805</u>	<u>220,900</u>

The accounts on pages 9 to 17 were approved by the Board of Directors on 16th February, 1990, and were signed on its behalf by:

S.E. Shariff *Director*, N.G. Ajania *Director*, C.H. Malavu *Director*, N.S. Meruani *Managing Director*

Notes to the Accounts — 31st December, 1989

1. ACCOUNTING POLICIES

(a) Group Accounts

(i) SUBSIDIARIES

The Group Accounts comprise a consolidation of the accounts of the Company and its subsidiaries, all of which are made up to 31st December, 1989.

(ii) ASSOCIATED COMPANIES

An Associated Company is a company, not being a subsidiary company, in which a long term and substantial investment has been made and in which the investing group or company exercises significant influence. The Associated Companies in the Group are listed on Page 17. Under Kenya Accounting Standard 12, the Associated Companies' results are required to be consolidated in the Group Accounts. However, these have not been consolidated as the Directors are of the opinion that it would involve delay out of proportion to the value to the members of the Company.

The disclosure requirements under the Companies Act and the Kenya Accounting Standard 12 are shown under Note 2 and Note 8.

(b) Income

(i) Advances:

Interest on advances is on accruals basis.

(ii) Finance and Leasing Earnings:

Credit is taken in each accounting year for finance charges received and receivable after eliminating from the balance at the conclusion of each such year, the unearned finance charges calculated on a basis such as to allocate charges earned to the appropriate accounting period.

(iii) Management fees:

Credit is taken in each accounting year for management fees receivable. However, in cases where previous years fees remain unpaid, credit is not taken for current year's management fees until received.

(c) Depreciation

Depreciation is provided on straight line basis by reference to the expected useful lives of the assets concerned. The rates used are as follows:-

	Rate %
Furniture, fittings and equipment	10-25
Lifts	10
Motor vehicles	25

No depreciation is provided on leasehold land and buildings. The effect of the deviation from Kenya Accounting Standard Five is not material.

(d) Investments

(i) The Company's quoted investments are shown in the Balance Sheet at their market value. The surplus or deficit arising with reference to the cost price has been dealt with through the Capital Reserves, in accordance with Kenya Accounting Standard 14.

The market value of quoted investments is based on the closing middle price of the Stock Exchange quotation as at the date of the Balance Sheet.

(ii) The Company's unquoted investments are stated at cost.

(e) Bad Debts

Advances are stated after deduction of specific provision for bad and doubtful debts. Known bad debts are written off and specific provision is made for advances considered to be doubtful of collection.

Notes to the Accounts — 31st December, 1989 (Continued)

(f) Deferred Taxation

Provision for deferred tax is made only when the Directors consider that a tax benefit or charge is likely to crystallise in the foreseeable future.

(g) Exchange Rates

Balances in foreign currencies are converted at rates ruling on the Balance Sheet date.

(h) Goodwill on Consolidation

Goodwill arising on consolidation has been eliminated against Revenue Reserves in compliance with the requirements of Kenya Accounting Standard 13 on Goodwill.

The Company		The Group	
1989	1988	1989	1988
K.Shs.'000	K.Shs.'000	K.Shs.'000	K.Shs.'000

2. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

Depreciation	2,388	1,614	2,899	2,006
Directors' emoluments: Fees	156	156	156	156
: Other	2,498	1,084	2,498	1,084
Auditors' remuneration and crediting:	330	350	400	406
Income from Quoted Investments	15	21	145	154
Income from Unquoted Investments —				
Subsidiary and Associated Companies	1,625	1,458	—	—
Others	1,138	1,366	1,138	1,366

The Company		The Group	
1989	1988	1989	1988
K.Shs.'000	K.Shs.'000	K.Shs.'000	K.Shs.'000

3. TAXATION

Taxation is provided on the basis of the profit for the year as adjusted in accordance with the tax legislation

<u>40,787</u>	<u>32,563</u>	<u>45,460</u>	<u>37,046</u>
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4. PROPOSED FIRST AND FINAL DIVIDEND

The Directors have proposed a first and final dividend of 35% on the issued and paid-up share capital of K.Shs. 56,533,333.

5. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the earnings of K.Shs. 51,890,000 (1988 — K.Shs. 42,366,000) and on 14,133,333 shares in issue.

Notes to the Accounts — 31st December, 1989 (Continued)

6. FIXED ASSETS

The Company	Leasehold Land and Buildings	Motor Vehicles	Furniture and Equipment	Total
Cost or Valuation	K.Shs.'000	K.Shs.'000	K.Shs.'000	K.Shs.'000
At 1st January, 1989	58,837	4,955	12,534	76,326
Additions	—	625	1,363	1,988
Disposals	—	(290)	(319)	(609)
At 31st December, 1989	<u>58,837</u>	<u>5,290</u>	<u>13,578</u>	<u>77,705</u>
Depreciation				
At 1st January, 1989	—	2,007	6,092	8,099
Charge for the year	—	1,079	1,309	2,388
On disposals	—	(290)	(35)	(325)
At 31st December, 1989	<u>—</u>	<u>2,796</u>	<u>7,366</u>	<u>10,162</u>
Net Book Value				
At 31st December, 1989	<u>58,837</u>	<u>2,494</u>	<u>6,212</u>	<u>67,543</u>
At 31st December, 1988	<u>58,837</u>	<u>2,948</u>	<u>6,443</u>	<u>68,228</u>
The Group				
Cost or Valuation				
At 1st January, 1989	84,826	4,970	15,575	105,371
Additions	—	980	1,743	2,723
Disposals	—	(290)	(319)	(609)
At 31st December, 1989	<u>84,826</u>	<u>5,660</u>	<u>16,999</u>	<u>107,485</u>
Depreciation				
At 1st January, 1989	—	2,021	7,885	9,906
Charge for the year	—	1,168	1,731	2,899
On disposals	—	(290)	(35)	(325)
At 31st December, 1989	<u>—</u>	<u>2,899</u>	<u>9,581</u>	<u>12,480</u>
Net Book Value				
At 31st December, 1989	<u>84,826</u>	<u>2,761</u>	<u>7,418</u>	<u>95,005</u>
At 31st December, 1988	<u>84,825</u>	<u>2,949</u>	<u>7,691</u>	<u>95,465</u>

Notes to the Accounts — 31st December, 1989 (Continued)

7. INVESTMENTS

	The Company		The Group	
	1989	1988	1989	1988
	K.Shs.'000	K.Shs.'000	K.Shs.'000	K.Shs.'000
Others				
Quoted shares and stocks				
at market value	11,151	11,151	12,798	12,933
Unquoted shares at cost	<u>7,561</u>	<u>7,561</u>	<u>7,561</u>	<u>7,561</u>
	<u>18,712</u>	<u>18,712</u>	<u>20,359</u>	<u>20,494</u>

The Company's investments in Freight Forwarders Kenya Limited, Leather Industries of Kenya Limited and Tourism Promotion Services (Kenya) Limited, previously described as associated companies, are no longer classified as such in accordance with the requirements of the Kenya Accounting Standard 12, which came into effect on 1st January, 1989. These have therefore been classified as investments.

In the opinion of the Directors, the investments in unquoted shares are long term and are worth, at least, the net value reflected.

The proceeds of the issue of Bank of Tanzania T.Shs. 98,747 6% Special Bond 1975/86 together with the interest have been reinvested in 24% A Treasury Stock 1993/94. This investment is part of the unquoted shares at cost.

8. SUBSIDIARY AND ASSOCIATED COMPANIES

	The Company		The Group	
	1989	1988	1989	1988
	K.Shs.'000	K.Shs.'000	K.Shs.'000	K.Shs.'000
(a) Subsidiary Companies:				
Shares at cost	9,198	9,198	—	—
Amount due by/(to) subsidiaries	<u>(120)</u>	<u>130</u>	<u>—</u>	<u>—</u>
	<u>9,078</u>	<u>9,328</u>	<u>—</u>	<u>—</u>
(b) Associated Companies:				
Shares at cost	<u>17,536</u>	<u>8,019</u>	<u>17,536</u>	<u>8,019</u>
	<u>26,614</u>	<u>17,347</u>	<u>17,536</u>	<u>8,019</u>

(c) The following information is given in respect of Associated Companies (% holdings are shown on page 18), whose results have not been consolidated.

	1989			1988		
	K.Shs.'000			K.Shs.'000		
	Group Share			Group Share		
	Cost of Shares Held	Net Assets	After Tax Profit	Cost of Shares Held	Net Assets	After Tax Profit
Combined Warehouses Limited	1,062	5,033	485	1,062	4,625	268
Drumcon (1973) Limited	80	339	13	80	511	26
Industrial Promotion Building Limited	15,554	39,078	1,254	6,037	19,228	697
Agricraft Kenya Limited	840	871	63	840	558	38
Loans to Associated Companies		16,468			1,760	

The results of the Associated Companies are for the year ended 31st December, 1989, except for Agricraft Kenya Limited, whose results are for the year ended 30th September, 1989. Audited accounts have been used for Agricraft Kenya Limited while Management accounts have been used for the other Associated Companies.

Notes to the Accounts — 31st December, 1989 (Continued)

9. SHARE CAPITAL

	1989 K.Shs.'000	1988 K.Shs.'000
Authorised: 25 million (1988 – 25 million) ordinary shares of K.Shs. 4 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1st January, 1989 – 14,133,333 (1988 – 14,133,333) ordinary shares of K.Shs. 4 each	<u>56,533</u>	<u>56,533</u>
At 31st December, 1989 – 14,133,333 (1988 – 14,133,333) ordinary shares of K.Shs. 4 each	<u>56,533</u>	<u>56,533</u>

10. CAPITAL RESERVES

	The Company		The Group	
	1989 K.Shs.'000	1988 K.Shs.'000	1989 K.Shs.'000	1988 K.Shs.'000
At 1st January, 1989	22,507	22,469	32,633	32,417
Adjustment on market value of quoted investments	—	38	(57)	216
At 31st December, 1989	<u>22,507</u>	<u>22,507</u>	<u>32,576</u>	<u>32,633</u>

11. STATUTORY RESERVE FUND

At 1st January, 1989	13,574	8,443	14,000	8,703
Transfer for the year	6,275	5,131	6,487	5,297
Transfer to Revenue Reserves	(19,849)	—	(20,487)	—
At 31st December, 1989	<u>—</u>	<u>13,574</u>	<u>—</u>	<u>14,000</u>

This reserve is no longer required under the Banking Act 1989 which became effective on 1st November, 1989, and has therefore been transferred to Revenue Reserves.

12. REVENUE RESERVES

At 1st January, 1989	76,277	60,151	81,889	64,607
Retained profit	24,139	16,126	25,616	17,282
Transfer from Statutory Reserve Fund	19,849	—	20,487	—
	<u>120,265</u>	<u>76,277</u>	<u>127,992</u>	<u>81,889</u>
Goodwill on consolidation written off	—	—	93	—
	<u>120,265</u>	<u>76,277</u>	<u>127,899</u>	<u>81,889</u>

Notes to the Accounts — 31st December, 1989 (Continued)

13. INCORPORATION

The Company is incorporated in Kenya under the Companies Act.

14. CURRENCY

These accounts are presented in Kenya Shillings.

15. COMPARATIVE FIGURES

Certain figures for the previous year have been reclassified for comparative purposes.

Consolidated Statement of Source and Application of Funds for the Year Ended 31st December, 1989

	1989 K.Shs.'000	1988 K.Shs.'000
Source of Funds		
Profit before taxation	99,666	81,396
Adjustment for items not involving movement of funds:		
Depreciation	2,899	2,006
Profit on sale of fixed assets	(166)	(73)
	<u>2,733</u>	<u>1,933</u>
Funds Generated from Operations	102,399	83,329
Funds from Other Sources		
Sale of fixed assets	<u>450</u>	<u>84</u>
	<u>102,849</u>	<u>83,413</u>
Application of Funds		
Dividend paid	18,371	21,129
Tax paid	35,756	36,206
Additions to fixed assets	2,723	10,433
Purchase of investments	<u>9,517</u>	<u>12,393</u>
	66,367	80,161
Increase in Working Capital (see below)	<u>36,482</u>	<u>3,252</u>
	<u>102,849</u>	<u>83,413</u>
Analysis of Working Capital		
Increase in advances	227,298	260,242
Increase in liquid and other assets	<u>81,290</u>	<u>48,780</u>
	<u>308,588</u>	<u>309,022</u>
Increase in deposits	264,952	283,988
Increase in liabilities	<u>7,154</u>	<u>21,782</u>
	<u>272,106</u>	<u>305,770</u>
	<u>36,482</u>	<u>3,252</u>

Subsidiary and Associated Companies at 31st December, 1989

Subsidiary Companies	Holding %
The Diamond Trust Properties (Kenya) Limited	52.34
Premier Savings and Finance Limited (formerly Mombasa Savings and Finance Limited)	66.8
 Associated Companies	
Agricraft Kenya Limited	20.0
The Combined Warehouses Limited	44.1
Drumcon (1973) Limited	40.0
Industrial Promotion Building Limited	24.9
Services and Systems Limited	40.0



DIAMOND TRUST OF KENYA LIMITED

PROXY FORM

I/We of.....
..... being a member/members of Diamond Trust of
Kenya Limited, hereby appoint
of and failing him,.....
..... of.....and
failing him, the chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at
the Annual General Meeting of the Company to be held on Twentieth day of April 1990 at 11.00 a.m.
and at any adjournment thereof.

As witness my/our hand this day of.....1990

Signature.....

IMPORTANT NOTES:

1. If you are unable to attend this meeting personally, this Form of Proxy should be completed and returned to the Secretaries, Services and Systems Ltd., P.O. Box 49988, Nairobi, to reach them not later than 48 hours before the time appointed for holding the meeting.
2. A person appointed to act as a proxy need not be a member of the Company.
3. If the appointer is a Corporation, this Form of Proxy must be under Seal or under the hand of an Officer or Attorney duly authorised in writing.

